



Shell Chemicals

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September 20, 2007

CERTIFIED MAIL RETURN RECEIPT REQUESTED 7007 0220 0002 4211 4057

Dr. Chuck Carr Brown, Assistant Secretary
Office of Environmental Services
Louisiana Department of Environmental Quality
P.O. Box 4313
Baton Rouge, Louisiana 70821-4313

Shell Chemical LP
Shell Chemical Company
Geismar Plant
7594 Highway 75
Geismar, LA 70734-0500
Tel (225) 201 6222
Fax (225) 201 6030
Internet <http://www.shellchemicals.com>

Re: ERC Annual Report for 2006
Shell Chemical LP, Geismar Plant (A.I. # 1136)

Dear Dr. Brown:

As required by LAC 33:III.613.B.2, enclosed is our ERC Annual Report for 2006.

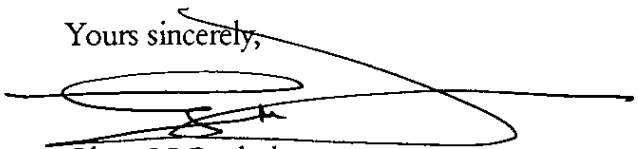
Also enclosed is the Emission Reduction Credit Balance Sheet for VOC that provides historical information. Regarding ERC Items # 8 and 9 of this sheet, we intended to use some or all of the 405 tpy VOC Credits from the conversion of two cooling water towers in our EO Units as offsets for our Geismar Olefin and Alcohol (GOAL) Venture Project. However, EPA Region 6 questioned the validity of using the 405 tpy VOC Credits based on whether or not the Hazardous Organic NESHAP would have required the reductions anyway - i.e. whether or not the Credits would be valid upon use. Shell's position is that the HON would not have required these reductions, and that, therefore, (a) the Credits were valid at the time we wished to use them for the GOAL Venture Project; and (b) the VOC Credits which we secured by more recent VOC reductions are available for future plant expansion or for sale. We submitted a letter to Mr. David W. Neleigh, EPA Region 6 on February 27, 2002 to inform him that we will continue to seek EPA agreement with Shell's position. A copy of this letter has been enclosed.

LAC 33:III.613.C Certification Statement

To the best of my knowledge the information contained in the ERC Annual Report is true and accurate.

Please contact Lorraine L. Anderson at (225) 201-6286 if you have any questions or need additional information.

Yours sincerely,


Glenn N. Bucholtz
General Manager

Enclosures

DEC - OES
SEP 24 PM 2:45

Emission Reduction Credit Bank Balance Sheet for VOC

as of September 20, 2007

Shell Chemical L.P., Geismar Plant (A.I. #1136)
Located at 7594 Highway 75 (River Road)
Geismar, Ascension Parish, Louisiana

Last updated by GGB on 3/27/06

Affected permit	Date of emissions increase or decrease	Part of the Plant that was involved	What happened (from permitting history & ERC transactions)	Emissions increase or decrease (decrease), tpy	NETTING			OFFSETS		
					ERC item no.	ERC transaction date	ERCs deposited, tpy	ERCs used for offsets, tpy	ERC balance available for netting, tpy	ERC balance available for offsets, tpy
2136	6/1/90		ERC Certificate signed (for 6/1/90 biotester decreases)		1	6/25/1997	151.30	151.30	151.30	151.30
2057	3/1/93		ERC Certificate signed (for 3/1/93 analyzer vent decreases)		2	6/25/1997	22.10	22.10	173.40	173.40
2489-V0	Est. 1999	Polymers	T5 permit approved November 1997	102.97						
2136-V0	Est. 1999	Utilities	T5 permit approved 11/97; Polymers Bioreactor Impacts = 3.90	3.90						
2489-V0			Offsets @ 1.3 for 102.87 tons (1.3 x 102.87)		3	11/21/1997		133.86	39.54	39.54
2136-V0			Offsets @ 1.3 for 3.90 tons (1.3 x 3.90 + 1 = 6.07)		4	11/21/1997		6.07	33.47	33.47
2185	May-98	EOEG-3	T5 permit approved July 1998 (for 1998 projects)	21.82						
2185			Offsets @ 1.3 for 21.82 tons (1.3 x 21.82 + 1 = 29.37)		5	5/20/1998		29.37	4.10	4.10
2185			Remaining 3/1/93 decreases fall outside netting window		6	3/1/1998		(4.10)	0.00	4.10
2489-V0	1/26/99	Polymers	Restoration of 17.11 tpy credits used but now not needed for PTT, (13.16 x 1.3 = 17.11). Letter of 2/19/99 requested LDEC agreement	(13.16)						
2489-V0	Feb-99	Polymers	Informal LDEC of cancellation of PTT portion of Polymers		7	2/19/1999	0.00		0.00	(17.11)
2057	3/1/92	EOEG-12	ERC Certificate signed (for March 1992 EO-1 CWT decrease)		8	2/25/1999	156.80		0.00	156.80
2057	3/1/93	EOEG-12	ERC Certificate signed (for March 1993 EO-2 CWT decrease)		9	2/19/1999	248.50		0.00	248.50
2669-V0	Mid-2001+	Overins	T5 permit for the olefins portion (SHOP-1,2,3 & OFP) of GOAL was approved 5/10/2000.	238.52						
2669-V0			Offsets used for approved permit 2669-V0 of 5/10/2000 = 1238.52 x 1.31 + 1 = 311.08 tpy. Contemporaneous changes included: 5 small projects, GOAL Venture Project, and PDO-MDU shutdown.		10	5/10/2000		311.08	115.43	115.43
2669-V1	Mid-2001+	Overins	GOAL permit update approved 6/26/2001 for project changes that resulted in fewer emissions increases. Revised emission increase (including subsequent permit amendments) = 150.69 (148.53 + 0.06 - 0.52 + 2.62). Emissions increase reduced by 1238.52 - 150.69 = 87.83 tpy.	(87.83)						
2669-V1			Offsets used for approved GOAL permit (including subsequent permit amendments) reduced due to fewer emissions increases. Restoration of 116.99 tpy credits used but now not needed for GOAL. (87.83 x 1.3 = 114.18)		11	6/26/2001	0.00		0.00	(114.18)
2356-V0	4/15/99	PDO-MDU	ERC Certificate signed (for PDO-MDU shutdown decreases)		12	6/26/2001	9.99		9.99	239.60
2057-V0	6/1/01	EOEG-12	ERC Certificate signed (for EO-2 Thermal Oxidizer decreases)		13	6/26/2001	75.75		75.75	315.35
2057-V0	Dec-01	EOEG-12	ERC Certificate signed (for EO-1 Thermal Oxidizer decreases)		14	6/26/2001	99.67		185.41	415.02
2669-V1	04/18/02	Overins	ERC Certificate signed (for New Ground Flare decreases)		15	6/26/2001	78.09		263.50	493.11
2727-V0	06/20/02	Logistics	ERC Certificate signed (for Marine Vapor Recovery Flare decreases)		16	6/26/2001	13.05		276.55	506.16
—	—	—	Remaining ERCs from 3/1/93 decreases expire as offsets		17	3/1/2003				(232.42)
2158-V0	3/3/02	EGE	Submitted ERC bank application for EGE shutdown to LDEC (request dated 3/27/03)	9.27	18	Pending				273.74

LAC 33:III.613.C Certification Statement

To the best of my knowledge the information contained in the above ERC Bank Balance Sheet for VOC is true and accurate.

Name: Glenn N. Buchholz

Title: General Manager

Signature:

Signature date:

Phone: (225) 201-6211

9-20-07

NOx

Ascension Parish

0.00

0.00

0.00

DEPOSITS

[illegible]

Instructions:

- 1.) Only transactions occurring during the previous calendar year should be entered. Submittal of this form cannot serve as an ERC application.
 - 2.) Enter one transaction per line. Transactions should be input chronologically to the extent practicable.
 - 3.) Amounts should be specified in tons per year (TPY).
 - 4.) This form is being provided to facilitate the proper submittal of information required by §613 B.2. If a reporting facility chooses not to use this form, its submittal must address the information specified in §613 A.
- Pursuant to §613 C, the following certifying statement should be included and signed by a responsible official as defined in LAC 33:III.502:

"I certify, under provisions in Louisiana and United States law which provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information contained in this EPC Annual Report, are true, accurate, and complete."

This certification should include the full name, title, and signature of the certifying official and the date of signature.

- 6.) Mail to:
LOUISIANA DEPT. OF ENVIRONMENTAL QUALITY
OFFICE OF ENV. SERVICES, AIR PERMITS DIVISION
P.O. BOX 4313
BATON ROUGE, LA 70821-4313
ATTN: BRYAN D. JOHNSTON

¹For each pending application and approved deposit, provide the requested information on the "Deposits" table. Project numbers should correspond to the main table.

² See §607.C.3. Discuss any adjustments for new emission reduction requirements in the cover letter.

³See §607.D.

ERC Annual Report for the period January 1, 2006 - December 31, 2006 **VOC**

Shell Chemical LP, Geismar Plant (A.I. #1136)
 7594 Highway 75, Geismar, LA 70719
 Ascension Parish

Previous Year-End "Pending" Balance: 0.00

Previous Year-End "Approved" Balance: 273.74

Project	Brief Description of Project Which Generated or Required Use of ERC, or Transfer Information, etc. §613.A.1.a	Affected Permit Number(s)	Transaction Date §613.A.1.b	ERC Applied For But Not Yet Approved ¹ §613.A.1.b	Approved ERC Deposits ¹ §613.A.1.c	ERC Used as Offsets §613.A.1.d	ERC Which Expired §613.A.1.e	ERC Transferred to Another Party §613.A.1.f	Adjustments for New Emission Reduction Requirements ² §613.A.1.g	Adjustments for Netting ³ §613.A.1.h	ERC Balance §613.A.1.i
1											
2											
3											
4											
5											
Year-End "Pending" Balance:											
Year-End "Approved" Balance:											273.74

DEPOSITS

Project	Date of Actual Emissions Decrease §613.A.2.d	Baseline Period Calendar Year(s) §613.A.2.a	Pre-project Actuals During the Baseline Period §613.A.2.b	Pre-project Allowables §613.A.2.c	Post-project Allowables §613.A.2.e	Emission Change §613.A.2.f

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²See §607.C.3. Discuss any adjustments for new emission reduction requirements in the cover letter.

³See §607.D.



Shell Chemicals

February 27, 2002

VIA AIRBORNE EXPRESS

David W. Neleigh, Chief
Air Permits Section (6PD-R)
U.S. EPA Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733

Shell Chemical LP
Shell Chemical Company
Geismar Plant
7594 Highway 75

Geismar, LA 70734-0500

Tel (225) 201 6222

Fax (225) 201 6030

Internet <http://www.shell.com/chemicals>

Re: VOC Emission Reduction Credits
Shell Chemical LP, Geismar Plant

Dear Mr. Neleigh:

In a project costing over \$20 million, Shell Chemical LP (Shell) converted the functions of two cooling towers from "cooling process water" to "cooling non-process water," thereby decreasing volatile organic compound (VOC) emissions at Shell's Geismar Plant. The emission reductions took place in March 1992 for one of the cooling towers, and in March 1993 for the other. Shell received two corresponding Certificates of Emission Reduction Credits issued by Louisiana Department of Environmental Quality. The two Certificates together totaled about 405 tons per year (tpy). As a result of these and other reductions, EPA Region 6 presented to Shell's Geismar Plant an Environmental Excellence Award for 1997.

We intended to use some or all of the 405 tpy VOC Credits as offsets for our Geismar Olefin and Alcohol (GOAL) Venture Project. However, due to questions by EPA Region 6 regarding the validity of those reductions for use as offsets, the project schedule was in jeopardy. We therefore created other VOC reductions at a cost of \$15 million that could be used (and were used) for securing approval for the GOAL Venture Project. Permit delays resulted in over \$2 million increased costs to the project.

EPA's questions regarding the validity of using the 405 tpy VOC Credits as offsets for the GOAL Venture Project were understood to be based on whether or not the Hazardous Organic NESHAP would have required the reductions anyway - i.e. whether or not the Credits would be valid upon use. Shell's position is that the HON would not have required these reductions, and that, therefore, (a) the Credits were valid at the time we wished to use them for the GOAL Venture Project; and (b) the VOC Credits which we secured by more recent VOC reductions are available for future plant expansion or for sale. The purpose of this letter is to let you know that we continue to seek EPA agreement with Shell's position.

Yours sincerely,

Leo R. Broering
Plant Manager

cc.via fax to 765-0641:

Mr. J. Dale Givens
Office of the Secretary
Louisiana Department of Environmental Quality
P.O. Box 82263
Baton Rouge, Louisiana 70884-2263